

Section VIII
***Financial Policies and Reporting
Requirements***

**PROVIDER MANUAL
FOR
COMMUNITY MENTAL HEALTH,
DEVELOPMENTAL DISABILITIES AND
ADDICTIVE DISEASES
PROVIDERS
FOR
THE DIVISION OF MENTAL HEALTH,
DEVELOPMENTAL DISABILITIES
AND
ADDICTIVE DISEASES**



JULY 2006

FINANCIAL ACCOUNTABILITY

I. Fiscal Accountability

- A.** The Contractor agrees to maintain sufficient records to show fiscal and program responsibilities and to maintain sufficient books, records and ledgers for the purpose of inspection, monitoring and auditing. Financial records should accurately account for the expenditure of State and Federal funds using accepted State and Federal accounting procedures and should comply with the following:
1. Financial Management System: The Contractor represents that its financial management system currently complies and will continue to comply with all the standards for financial management systems specified in 45 CFR Parts 74.20 through 74.25, 74.27, and 74.28.
 2. Maintenance of Cost Records: The Contractor agrees to maintain records pertaining to costs incurred on this Contract in a manner consistent with the requirements of 45 CFR Parts 74.53, and 74.20 through 74.28.
 3. Contractor Purchasing Activity: All Contractor or Subcontractor purchases of supplies, equipment, and services, regardless of whether by sealed bids or by negotiation and without regard to dollar value, shall be conducted in a manner that provides maximum open and free competition in accordance with 45 CFR - Parts 74.40 through 74.48.
- B.** The Contractor agrees to submit detailed budgets reflecting budget allocations for Regional Office approval. Budget revisions may be periodically submitted for Region approval. All budget documents will be developed in accordance with procedures specified by the Region.
- C.** The Contractor agrees, unless otherwise specified by DHR's Office of Financial Services or the Region, to submit a monthly report of revenue, expense and revenue applied to expense for each program in accordance with funding, accounting and reporting policy and procedures no later than the 10th calendar day following the end of each month.
- D.** The Contractor agrees to report fees generated on a quarterly basis to the Region and to identify how those fees will be used by the Contractor to maintain or increase the quantity and quality of disability services.
- E.** The Contractor agrees that any fee or program income generated as a result of this contract activity shall be expended in compliance with the Grants-to-Counties Manual Part II.K.1.

USE OF PROGRAM INCOME

I. Requirements Applicable to Program Income Generated under Performance Based Contracts, Fixed Rate Contracts and Expense Reimbursement Contracts

Program income or fee income is income earned by a recipient from activities of which part or all of the cost is borne as a direct cost by a grant or counted as a direct cost towards meeting a cost sharing or matching requirement of a grant. Some examples of program income are Medicaid fees, client fees, and SSI. The use of program income is governed by the DHR Program Income Policy contained in Part II K1 of the *DHR Grants to Counties Manual*. A copy of this policy is included within the Appendices to this section.

A. Program income must be reported as revenue within the "budget program" that generated the income (i.e. fee income earned in Mental Health Services – Adult is reported as revenue in MH Services – Adult, fee income earned in Substance Abuse Services - Children is reported as revenue in SA Services – Children, SSI received in Mental Retardation Services is reported as revenue in Mental Retardation Services, etc.); however, it does not have to be expended within the "program" that generated it. Certain restrictions apply since program or fee income is being partially generated via federal funds (CMHS, SAPT and SSBG Block Grants).

B. There are three (3) program areas for purposes of expending program income. The program income generated may be expended as follows:

1. Mental Health Programs: Program income generated during the current year and those amounts on hand at the end of the fiscal year in the Mental Health Services - Adult, Mental Health Services – Children, or the TAPP program may be expended in either program listed above at the discretion of local management. Income on hand and carried forward into the subsequent fiscal year is also governed by Section II. A - C of the DHR Program Income Policy.
2. Substance Abuse Programs: Program income generated during the current year and those amounts on hand at the end of the fiscal year in the Substance Abuse Services - Adult, Substance Abuse Services – Children, or Substance Abuse Prevention Services program may be expended in either program listed above at the discretion of local management. Income on hand and carried forward into the subsequent fiscal year is also governed by Section II. A - C of the DHR Program Income Policy.
3. Mental Retardation Programs: Program income generated during the current year and those amounts on hand at the end of the fiscal year in the Mental Retardation Services or Autism Services program may be expended in either program listed above at the discretion of local management. Income on hand and carried forward into the subsequent fiscal year is also governed by Section II. A - C of the DHR Program Income Policy.

C. Program income generated in Federal Categorical Grant Programs can only be spent in the specific Federal Categorical Grant Program that generated the income. Program income generated in the other Community Mental Health, Developmental Disabilities

and Addictive Diseases Programs per Section B above can be spent in the Federal Categorical Grant Programs in the same disability; i.e. fees generated in either of the mental health programs can be spent in a federal categorical funded mental health program.

D. The Division has elected the Additional Costs Alternative to govern the use of program income in Community Mental Health, Developmental Disabilities and Addictive Diseases programs.

E. Grant/Contract Programs Financed Directly to Boards and Private Non-Profit Agencies: While you may have restrictions regarding fee income generated in programs funded with grants awarded directly to public/private boards, with approval by the Division, you may be allowed to spend fee income generated by other DHR funded programs in the program funded with the direct grant.

II. Special Requirements Applicable to Contracted Funds Carryover under Performance Based Contracts, Fixed Rate Contracts and Expense Reimbursement Contracts

Restrictions placed on the carryover of funds paid by DHR under a contract with the Division/Regional Office are specified below:

- A. Performance Based Contracts:** Any surplus grant-in-aid-funds at the end of the contract period may be carried over into the next fiscal year. The carryover funds may be expended without program area restrictions or time limitations. Program Income must be reported and expended as outlined in the above part I. Requirements Applicable to Program Income Generated under Performance Based Contracts, Fixed Rate Contracts and Expense Reimbursement Contracts.
- B. Fixed Rate Contracts:** Any surplus grant-in-aid funds in a fixed rate contract may be expended in any other program regardless of disability. These funds do not have to be expended within the following fiscal year. Program Income must be reported and expended as outlined in the above part I. Requirements Applicable to Program Income Generated under Performance Based Contracts, Fixed Rate Contracts and Expense Reimbursement Contracts.
- C. Expense Reimbursement Contracts:** Any surplus grant-in-aid- funds cannot be carried over into the next fiscal year and must be returned to DHR.

PROCEDURES FOR AUTHORIZATION

Contractors must submit all budget documents with a recognized signature for fiscal authorizations. Signatures and mailing addresses of the individual(s) designated to receive fiscal correspondence and reports are maintained on file for verification purposes.

In order to establish authorization signatures, contractors should complete and submit the DHR Division of Mental Health, Developmental Disabilities and Addictive Diseases *Authorized Signatures, Mailing Addresses and Telephone Numbers Form* included within the Appendices to this section.

The *Form* should be completed and submitted with the contractor's original budget documents.

I. Public Contractors

Either the Board Chairman or Executive Director of the entity may establish an authorized signature.

II. Private Contractors

The Chairperson or President of the entity must establish the authorized signature.

III. Delegated Authority

Authorization to sign budget revisions may be delegated by providing appropriate information on the *Form*. The delegated signature authority specified must be the same as the delegated signature authority provided in the contract with the Division/Regional Office.

EQUIPMENT, PROPERTY AND VEHICLES

Note: A provider may not use state or Federal funds to (1) construct or purchase buildings or facilities, (2) purchase real estate or (3) make permanent improvement to property. The only

exceptions would be if legislative authority specifies or Federal regulations permit the use of funds for this purpose **and** the provider's contract with the Division/Regional Office stipulates that funds can be used to acquire or improve real property.

I. Performance Based Contract

Any equipment including vehicles purchased under a performance-based contract is the property of the contractor. The exception is if the contractor titles a vehicle to the state for the purposes of insurance coverage, then the vehicle belongs to the State and therefore must (a) be maintained in the DHR Vehicle Management System and (b) returned to the State if the provider does not continue to provide services under contract. The inventory requirements for any vehicle titled to the state are outlined below under the Expense Reimbursement Contract portion of this section.

NOTE: Any equipment or vehicles bought previously by a Contractor under a reimbursement based contract that is currently on the DHR Property Management System must continue to be inventoried on that system until it is properly disposed of.

II. Fixed Rate Contract

Any equipment including vehicles purchased under a fixed rate contract becomes the property of the contractor upon completion of performance of the contract. The exception is if the contractor titled the vehicle or equipment to the state for the purposes of insurance coverage, then the equipment or vehicle belong to the State and must be returned to the State if the provider does not continue to provide services under the contract.

III. Expense Reimbursement Contract

Any equipment including vehicles purchased under an expense reimbursement contract is the property of the state and all applicable equipment and inventory policies apply.

A. Board of Health Providers

The Contractor agrees:

1. To maintain detailed property records on all equipment (non-expendable personal property) purchased in total, or in part, with funds received from the Division during the term of this contract. Property records shall be maintained accurately and shall include:
 - A description of the property;
 - Manufacturer's serial number, model number, national stock number, or other identification number;
 - Source of the property including Federal program name;
 - Acquisition date (or date received, if the property was furnished by the Department), and cost;
 - Percentage (at the end of the budget year) of federal participation in the cost of

- the project or program for which the property was acquired;
 - Location, uses, and condition of the property and the date the information was reported;
 - Unit acquisition cost;
 - Property Decal number;
 - Ultimate disposition data, including date of disposal, sales price, and method used to determine current fair market value. Disposition must have prior Department and Region written approval.
 - A physical inventory of property shall be taken and the results reconciled with the property records at least once every two years. Any differences between quantities determined by the physical inspection and those shown in the accounting records shall be investigated to determine the causes of the difference. The Contractor shall, in connection with the inventory, verify the existence, current utilization, and continued need for the property. A control system shall be in effect to ensure adequate safeguards to prevent loss, damage, or theft of the property. Any loss, damage, or theft of non-expendable property shall be investigated and fully documented; the Contractor shall promptly notify the Region.
2. Adequate maintenance procedures shall be implemented to keep the property in good condition.
 3. Upon termination of any service program included in this contract, or in the event that the contract is terminated prior to the expiration or is not renewed, contractor agrees to properly dispose of all state property as follows:
 - a. Prepare Form 5086, Equipment Status Change Form listing all state equipment in the Contractor's possession and send this form to the Division/Regional Office Executive Director for final disposal determination.
 - b. Upon notification by the Office of Technology and Support, Contractor agrees to transport the state property to the designated state surplus facility. Expenses incurred by the Contractor in transporting this equipment may be charged to the terminated contract.
 4. The Contractor agrees that this equipment cannot be transferred or otherwise disposed of without written Region approval.
 5. Should the Contractor elect to maintain property records on State Property System, the Contractor agrees to follow procedures outlined in the DHR Property Management Manual.

The Regional Coordinator will confirm, by written notification to the Office of Technology and Support, that all surplus property listed on completed Form 5086 has received proper disposition.

B. Public and Private Providers:

The Contractor agrees:

1. That all non-expendable personal property purchased, in total or in part, with funds received from the Division/Regional Office during the term of the contract and all previous contracts with the Department of Human Resources is property of the State of Georgia and the Department and is subject to the rules and regulations of the Department throughout the life and disposition of said property. Said property cannot be transferred or otherwise disposed of without prior written approval of the DHR Asset Services Section
2. To adhere to all policies and procedures as promulgated in the DHR Administrative Policy and Procedures Manual, Part IX, the DHR Property Management Manual, and if applicable the DHR Vehicle Management Manual, which are by reference made a part of the contract. Contractor understands that the requirements for inventory of property (at least every two years) and a control system to safe guard against loss, damage or theft as contained in the DHR Property Management Manual shall be followed.
3. The property records shall be maintained accurately and reported on Form number 5111, Detailed Equipment Listing, within 30 days after acquisition of such property to the Regional Coordinator. The Regional Coordinator will forward the completed form #5111 to the DHR Asset Services Section, Room 32.452, 2 Peachtree Street, N.W., Atlanta, Georgia 30303.
4. For any Department owed vehicles operated under this contract, the contractor agrees to submit to the Department, the Utilization and Data report furnished by the Asset Services Section in accordance with the DHR Vehicle Management Manual, Chapter 4, Part G.
5. In the event a contract is terminated prior to its expiration or is not renewed, Contractor agrees to properly dispose of all state property as follows:
 - a. Prepare Form 5086, Equipment Status Change Form listing all state equipment in the Contractor's possession and send this form to the Regional Office Director/Regional Coordinator for final disposal determination.
 - b. Upon notification by the Office of Technology and Support, Contractor agrees to transport the state property to the designated state surplus facility. Expenses incurred by the Contractor in transporting this equipment may be charged to the terminated contract.

The Regional Coordinator will confirm, by written notification to the Office of Technology and Support, that all surplus property listed on completed Form 5086 has received proper disposition.

BUDGET AND REPORTING OVERVIEW

The program structure required for budget development and submission, and the associated program structure to be utilized for the monthly reporting of expenditures is specified in the list

of ***MHDDAD Budget and Expense Programs***, included among the Appendices to this section.

The budget consists of ***Form 1262 Budget Expense and Resource Summary*** for Payment for Services or Fixed Rate programs and ***Form 1189 Budget Expense and Resource Summary*** for Expense Reimbursement programs, which also may be found within the Appendices, along with several supporting *Budget Schedules*. Supporting Budget Schedules can be revised without a revised ***Form 1262 Summary*** or ***Form 1186 Summary*** if the changes do not result in a change in the dollar amounts budgeted in the affected expense accounts.

I. BUDGET SUBMISSION:

Documents required for budget submission:

- A. ***Form 1262 Budget Expense and Resource Summary*** or ***Form 1186 Budget Expense and Resource Summary*** - Original and two copies
- B. Budget Schedules - Original and two copies
- C. Other Attachments - Original and two copies

II. DEADLINE FOR BUDGET REVISIONS:

Although budget revisions may be submitted at any time during the fiscal year, the final budget revision as well as any outstanding schedules must be postmarked by midnight, May 31. Should this date fall on a weekend or holiday, the deadline will be the next workday. This deadline is necessary in order to permit the approval and processing of the budget prior to the closeout of the fiscal year. The Funding Specifications Annex of the Board/Agency's contract with DHR specifies the minimum parameters which would necessitate a budget revision be filed.

III. EXPENDITURE REPORTS

Monthly Income and Expenditure Reports (MIERs) at the program and subprogram levels must be submitted by file transfer or keying the MIERs into UAS using the E1MIER process on to the Uniform Accounting System (UAS) via a Georgia Online (GO) network. Agencies without GO access should mail or fax the MIER form **as specified by the Region.**

The MIERs are to be submitted and approved by the fifth of each month following the month for which expenses are being reported unless otherwise specified by DHR's Office of Financial Services or the Region. This means the MIERs should be submitted to the appropriate region/contracts unit no later than the fifth-of the month unless otherwise specified by the Region office, so they can be approved by the tenth.

Year End Closeout MIERs usually have to be approved by July fifth, therefore should be submitted to the Region for approval by July third or by the deadline set by DHR's Office of Financial Services or the Region.

MIER forms for the Expense Reimbursement contracts are included among the Appendices to this section as ***Forms 1192*** for Budget Program Level Reporting. The

MIERS forms for Payment for Service and Fixed Rate contracts are included among the Appendices to this section as **Form 1261**. The Payment for Services budget programs/service programs structure is included within the Appendices to this section.

IV. STATE/FEDERAL FUNDS REIMBURSEMENT

A. Reimbursement is made based on one of three methods as specified in the Funding Annex of the Board/Agency's contract with the Division/Regional Office. The three reimbursement methods are:

1. Performance Based
2. Fixed Rate
3. Expense Based

B. Should an advance of funds be granted at the beginning of the fiscal year, a reconciliation process at year-end will occur to reclaim any unexpended portion of the advance.

C. Reimbursement checks will not be issued by DHR until

1. Receipt of the Monthly Income and Expenditure Reports (MIERs)
2. Receipt by the Region of all required supporting service documentation.
3. Region approves and releases MIERs for payment.

PAYMENT FOR SERVICE REIMBURSEMENT

I. BUDGETING

The ***Budget Expense and Resource Summary Form 1262***, included among the Appendices at this section, is used to budget the Grant in Aid (GIA) contract for the program.

622.003 Payment for Service or Fixed Rate Contract - The Grant in Aid funds for the program are budgeted to this SCOA (State Chart of Accounts).

8001 - Grant-In-Aid – State and Federal funds allocated by DHR are budgeted within this Fund Source.

The 622.003 amount and the 8001 amount will match the total Grant in Aid contract amount.

II. REPORTING

Reimbursement is made based upon Grant in Aid (GIA) expenditures as reported monthly on ***Form 1261, Monthly Income and Expense Report, Budget Program Level***, and ***Service Program Level***, included among the Appendices at this section.

Service Program Level

622.002 Payment for Service or Fixed Rate Contract - At the Service Program Level, the GIA funds are expensed to this SCOA **8000 Grant-In-Aid** – State and Federal funds allocated by DHR are reported on this Fund Source.

The 622.002 amount for the Service Program will balance to the 8000 amount for that Service Program.

Budget Program Level

622.003 Payment for Service or Fixed Rate Contract - At the Budget Program Level, the GIA is expensed to this SCOA **8001 Grant-In-Aid** – State and Federal funds allocated by DHR are reported on this Fund Source.

The 622.003 amount will balance to the 8001 amount for the Budget Program.

The total 8000 Grant in Aid for all contracted Service Programs will be the amount entered for 8001 Grant in Aid and the total 622.002 for all contracted Service Programs will be the amount entered for 622.003.

FIXED RATE CONTRACT REIMBURSEMENT

I. BUDGETING

The ***Budget Expense and Resource Summary Form 1262***, included among the Appendices at this section, is used to budget the Grant in Aid (GIA) contract for the program.

622.003 Payment for Service or Fixed Rate Contract - The Grant in Aid funds for the program are budgeted to this SCOA (State Chart of Accounts) .

8001 - Grant-In-Aid – State and Federal funds allocated by DHR are budgeted within this Fund Source.

The 622.003 amount and the 8001 amount will match the total Grant in Aid contract amount.

II. REPORTING

Reimbursement is made based upon Grant in Aid (GIA) expenditures as reported monthly on ***Form 1261, Monthly Income and Expense Report, Budget Program Level***, and ***Service Program Level***, included among the Appendices at this section.

Service Program Level

622.002 Payment for Service or Fixed Rate Contract - At the Service Program Level, the GIA funds are expensed to this SCOA **8000 Grant-In-Aid** – State and Federal funds allocated by DHR are reported on this Fund Source.

The 622.002 amount for the Service Program will balance to the 8000 amount for that Service Program.

Budget Program Level

622.003 Payment for Service or Fixed Rate Contract - At the Budget Program Level, the GIA is expensed to this SCOA **8001 Grant-In-Aid** – State and Federal funds allocated by DHR are reported on this Fund Source.

The 622.003 amount will balance to the 8001 amount for the Budget Program.

The total 8000 Grant in Aid for all contracted Service Programs will be the amount entered for 8001 Grant in Aid and the total 622.002 for all contracted Service Programs will be the amount entered for 622.003.

EXPENSE REIMBURSEMENT CONTRACT

I. FORMS

A. BUDGETING

The ***Budget Expense and Resource Summary Form 1189***, included among the Appendices at this section, is used to budget all expenses by State Chart of Accounts (SCOAs) and Fund Source revenues for the program level for the services purchased under contract with the Division/Regional Office.

B. REPORTING

Reimbursement is made based upon actual state and federal expenditures as reported on ***Form 1192, Monthly Income and Expense Report***, included among the Appendices at this section

II. DIRECT SALARIES AND FRINGE BENEFITS

A. BUDGETING

1. All salaries and fringe benefits are budgeted in SCOA 511.001, including local salary and local fringe benefits supplements.
2. The portion of the total salaries and fringe benefits that are local supplements must be listed on ***Form 1244, Supporting Budget Schedule Non-Participating Expenses***, included among the Appendices at this section. The positions do not have to be detailed.
3. Programs operating under the Merit System are assessed merit system charges and personal liability charges on all budgeted positions. In order to keep these charges to a minimum, contractors should utilize positions at 100% to the extent feasible. For example, if the contractor has two (2) or more incumbents on the same job class, with the same job descriptions, and they are not full time employees, every effort should be made to match employees and use one (1) position at 100% utilization.

B. REPORTING

Actual expenses incurred are reported monthly using the State Chart of Account (SCOAs) which tie back to the broad budget expense categories.

511.001 Salaries - Salary payments to all employees on permanent, temporary, skilled or unskilled positions paid on an annual, monthly, semi-monthly, or weekly basis.

511.002 Local Salary Supplement -Salary greater than the approved Georgia state Merit System Pay Schedule.

511.201 Overtime - Salary paid to employees for work in excess of 40 hours per week. Pay should be in accordance with Fair Labor Standards Act and DHR/Merit System applicable policies.

513.001 Hourly Labor - Salary payments to employees paid on an hourly basis.

514.001 Employer's Cost for Social Security. NOTE: Only the Medicare portion of the tax is applicable to hourly wages paid by agencies operating under the Georgia State Merit System rules.

514.002 FICA Local Supplement - Employer's cost for Social Security (both OASDI and Medicare) resulting from additional salary remunerated in accordance with account 511.002.

514.201 FICA Overtime - Employer's cost for Social Security (both OASDI and Medicare) resulting from additional salary remunerated in accordance with account 511.201.

515.001 Retirement - Employer's cost of any retirement program.

516.001 Health Insurance - Employer's cost of health insurance.

516.002 Health Insurance Local Supplement - Employer's cost of any health insurance resulting from additional salary remunerated in accordance with account 511.002.

516.201 Health Insurance Overtime - Employer's cost of health insurance resulting from additional salary remunerated in accordance with account 511.201.

517.001 Personal Liability Insurance - Employees - Includes premiums or other costs related to legal actions against employees personally for acts executed in performance of job related duties.

518.001 Unemployment Insurance - Includes payments made to Department of Labor either as contributory or reimbursable.

519.001 Workers' Compensation - Includes payments made to Department of Administrative Services, Fiscal Division - Workers' Compensation Trust Fund for workers' compensation insurance coverage for employees.

520.001 Assessments by Merit System - Quarterly charges by the Merit System of Personnel Administration for operations.

C. SUPPORTING SCHEDULE(S)

Form 1244, Supporting Budget Schedule Non-Participating Expenses, included among the Appendices at this section, should be used to support Direct Salaries and Fringe Benefits local supplements.

III. OTHER OPERATING

A. BUDGETING

1. All expenses of the program, with the exception of personnel, equipment, and intra/interagency transactions, are budgeted in SCOA 627.001

2. Building rents must be supported with a lease agreement. Three separate “Statements of Comparable Rent”, *DHR Form 5465* must also support rents in the Contractor’s files. Copies of these are available from the Regional Office. Lease agreements must conform to the following criteria:

- a. Landlord must be clearly identified.
- b. Property must be clearly described, giving type of structure (i.e., brick three bedroom, two story office building), square footage, street address, etc.
- c. Term of lease may not span beyond a single fiscal year, since current year funds are intended to cover only current year expenditures or costs. However, lease agreements may contain an option to renew the lease for a subsequent fiscal year. Generally, this option should be exercised within 60 days prior to the beginning of the next fiscal year, and thus at a time when appropriations for that fiscal year have become effective under a General Appropriations Act. Georgia’s constitution prohibits the obligation of state funds beyond one fiscal year. The Attorney General’s Opinion 74-115 dated August 23, 1974 to the State Auditor states “*A state agency may not incur a fiscal obligation beyond that authorized by currently effective appropriations; contracts incurring an obligation dependent upon future appropriations or the continuation of any other source of state funds are invalid.*” The Director of the Office of Audits has stated that it will not permit the obligation of current fiscal year funds to meet the total cost of a multi-year lease.
- d. Must contain a cancellation clause or a funds availability clause.
- e. Must state monthly rental rate.
- f. Security deposits, late fees, bad check charges, application fees and attorney fees are prohibited.
- g. Both parties must initial all additions/deletions/changes.
- h. Must be signed by the landlord and official agent of the Board for public contractors, and the landlord and the President/Chairman of the Board for private contractors.

B. REPORTING

Actual expenses incurred are reported monthly using the SCOA’s which tie back to the broad budget expense categories:

612.001 Motor Vehicle Expense - Includes expenses for fuel, service, repair, or other costs of vehicles owned and operated by the agency. Also includes the required maintenance service or repair of leased vehicles.

614.001 Supplies and Materials - Includes all types of consumable supplies and materials used in operation of the agency.

614.006 Food Supplies - Consumable food items.

614.018 Pharmaceuticals - Drugs only.

615.001 Repairs and Maintenance - Expenditures for minor repairs and maintenance of buildings, grounds or equipment, and maintenance contracts or charges for maintenance service.

617.001 Utilities - Includes monthly charges for electricity, natural gas, fuel oil, purchased steam, city water and sewer charges.

618.001 Printing - Includes the cost of printing letterhead stationery, forms, purchase orders, and any other printed matter.

620.001 Insurance and Bonding - Includes fidelity bonds on employees and hazard coverage on real and personal property or liability coverage required by statute. Also includes workers compensation insurance for non-employees where coverage is required.

622.001 Direct Benefits to Clients - Medical expenses and personal care items for clients residing in a residential program funded by the Department. Such expenditures should only be made on a case by case basis and after it has been determined that no other party or agency resources are available.

622.002 Performance/Fixed-Rate Payments - Amount of funds earned by the provider based on a monthly contractual amount.

622.031 Work Activity Payments - Payments to clients for skills or acquisition/development. Only work activity revenue may be used to pay clients' salaries.

622.044 Room and Board - Payment made to a contractual provider for client residential services. The payment covers housing and meals for the client.

622.045 Respite Care - Payments made to a contractual provider to care for a client. Respite care is provided in order to free the regular caretaker (either personal or purchased provider) from his/her responsibility on a short-term basis.

622.046 Training - Payments made to a contractual home provider for training services to clients.

622.047 Personal Allowance - An allowance provided each residential client for his/her own personal use. From this allowance, the client should purchase his/her clothing, hair

cuts, personal hygiene items, medical costs, and if level of funds are sufficient, entertainment costs, etc.

EXCEPTION: Clients residing in Children and Adolescents' Therapeutic Foster Care are not to receive a Personal Allowance Benefit. This clientele's personal care items, clothing and medical expenses must be recorded as 622.001, Direct Benefit to Clients, in accordance with each client's Individualized Service Plan and the definition of account 622.001.

627.001 Other Operating Expenses - Expenditures for costs not properly included in any of the other accounts. Examples include freight, express, storage, linen service, outside laundry, agency subscriptions and dues, and registration fees.

633.001 Computer Software - Expenditures for electronic data processing and prepackaged and custom software systems.

640.001 Travel - Includes all expenses for lodgings, meals, use of personal vehicle, leased vehicles, or other costs incurred by employees in job-related activities. Similar eligible expenses incurred by individuals other than employees should be reimbursed as per diem and fees. (account 651.001).

648.001 Building Rents - Includes monthly rentals and lease contracts for office space, program space, warehousing and other storage. Costs of renovations and modifications of leased facilities also should be classified in this account if such expenditures constitute rental payments in lease agreements.

651.001 Per Diem and Fees - Compensation for services rendered by an individual, firm or agency on a per diem, hourly, or fee basis, and payments for reimbursable expenses such as travel, postage, telephone, etc. Appropriate services to be purchased by this method are for the delivery of a specific product for a short duration of time. The relationship between the organizations or organization and individual cannot be that of an "employee-employer".

653.001 Contracts - Includes payments made for agreements between two or more persons to perform, purchase or serve and are enforceable by law. Includes all contracts other than accounts specific to a contractual agreement (i.e., contracted janitorial services would be reported under Account 615.001, Repairs and Maintenance).

673.001 Telecommunications - Includes all charges for telecommunications such as telephone and telegraph, and costs of facsimile machines.

681.001 Postage - Includes all postage costs.

C. SUPPORTING SCHEDULE(S)

1. Form 1244, Supporting Budget Schedule: Non-Participating Expenses, included among the Appendices at this section, is used to budget those items that are ineligible for state and federal and other program income participation.
2. Form 1243 Supporting Budget Schedule: Depreciation Charges, included among the Appendices to this section, is used to budget the allowable charges for occupied facilities owned by Contractors/Community Service Boards. A completed depreciation schedule using federally approved depreciation guidelines must be attached.

IV. EQUIPMENT

A. BUDGETING

The annual projected cost of material items of a non-expendable nature are budgeted in SCOA 643.001 (Equipment).

For items with a unit cost of **\$1,000 or greater**, *Form 1240 Supporting Budget Schedule: Equipment Purchases*, included among the Appendices at this section, must be approved prior to purchase. Revisions to the detailed listing of equipment are required only if the unit cost increases by \$100 or 10%, whichever is greater. However, the total expenditure on equipment may not be greater than 110% of the approved budgeted equipment amount as specified in the Master Contract.

Items with a unit cost of **less than \$1,000** are budgeted in Account 643.001, but are not detailed on the schedule.

B. REPORTING

641.001 Motor Vehicle Equipment Purchases - Includes all vehicles licensed for use on the highway, i.e., automobiles, station wagons, vans, buses, motor homes, light duty trucks and heavy duty cargo carrying trucks. All motor vehicle purchases charged to this account must be on the appropriate property inventory system.

643.001 Equipment (\$1,000 or more) - Includes expenditures for items of tangible property of a generally nonexpendable nature, such as a movable unit of furniture or furnishings, an instrument or apparatus, a machine, or a training device, maintaining its utility over a period of time which is characteristic of and definable for items of its class. Also includes motorized vehicles not used on public roads such as lawn mowers, farm tractors, etc. Items in this expenditure category will have an original acquisition cost of **greater** than the statutory definition of movable personal property set forth in the Official Code of Georgia Annotated, Title 50-16-161 (currently \$1,000).

644.001 Lease/Purchase of Equipment - Includes the payments made on lease/purchase or installment purchases agreements. All equipment received for which charges are made to this account should be recorded on the appropriate property inventory system when received and for the total acquisition price.

645.001 Rental of Equipment - The payments made for the rental of equipment if for more than three (3) months. Less than three (3) months is reported in Account 619.001.

646.001 Equipment (Less than \$1,000) - Includes expenditures for items of tangible property of a generally nonexpendable nature, such as a movable unit of furniture or furnishings, an instrument or apparatus, a machine, or a training device, maintaining its utility over a period of time which is characteristic of and definable for items of its class. Items in this expenditure category will have an original acquisition cost of **less** than the statutory definition of movable personal property set forth in the Official Code of Georgia Annotated, Title 50-16-161 (currently \$1,000).

C. SUPPORTING SCHEDULE(S)

Form 1240, Supporting Budget Schedule: Equipment Purchases, is used to list anticipated equipment purchases or leases that will be expensed in accounts

1. 641.001, Motor Vehicle Equipment Purchases
2. 643.001, Equipment (\$1,000 or more)
3. 644.001, Lease/Purchase of Equipment, and
4. 645.001, Rental of Equipment

V. REVENUES BY FUND SOURCE

All revenue and/or income must be budgeted and expensed through the Uniform Accounting System (UAS). Every DHR provider's grant award(s) and/or contract program(s) must be reviewed by the Division to determine accurate budget and reporting categories, and whether fee income generated by other DHR funded programs may support it. Specific instructions and explanations for budgeting and reporting resources are as follows:

A. BUDGETING

1. 8001 (Grant-In-Aid) – State and Federal funds allocated by DHR are budgeted within this Fund Source.
2. 8002 (DHR Contracts) - Used to budget revenue contracts with other DHR agencies.
3. Funds received from taxing authorities are budgeted in the following Fund Sources:
 - a. 6001 (County Participation) is used to budget local match requirement.
 - b. 6004 (County Non-Participating) is used to budget county funds in excess of required match.
 - c. 6006 (Municipal) is used to budget funds received from cities, towns, etc.
 - d. 6020 (Hospital Authority) is used to budget funds received from hospitals.
4. Revenue from the Fund Sources listed below must be identified and

described on **Form 1272, Supporting Budget Schedule Revenue**, which is included among the Appendices at this section.

- a. 6013 (DOE Contracts)
 - b. 6018 (Contractual Agreements)
 - c. 6021 (Other Local Funds)
 - d. 7014 (Federal Grants)
5. Program Income - Income earned by a recipient from activities of which part or all of the cost is borne as a direct cost by a grant or counted as a direct cost towards meeting a cost sharing or matching requirement of a grant. Fund balances at June 30 each year must be budgeted and expensed within the subsequent twelve-month period, as detailed at paragraph 6 below. Income is budgeted in the Accounts as follow:
 - a. 6008 is used to budget Outpatient Medicare fees.
 - b. 6009 is used to budget Outpatient Medicaid Current Year fees.
 - c. 6017 is used to budget fees received directly from clients, on client's behalf from government agencies, private insurance and other third party payees.
 - d. 6032 is used to budget Medicaid Waiver Current Year fees in Mental Retardation programs.
 - e. 6024 is used to budget a Fund Balance from Prior Year
 - f. 6028 is used to budget Medicaid receipts for pharmacy services.
6. Local programs may carry forward program income generated during one fiscal year into the next fiscal year in accordance with DHR Program Income Policy contained in **Part II.K.1. of the DHR Grants to Counties Manual** (included among the Appendices at this section.) The Division has elected the Additional Cost Alternative to govern the use of program (fee) income generated during one fiscal year and on hand at June 30 in Community Mental Health, Developmental Disabilities and Addictive Diseases programs.

B. REPORTING

Receipt and application of resources, except for revenue generated through the Fund Sources listed below are reported on **1192 Monthly Income and Expense Report**, included among the Appendices at this section, in the same manner stated at VI Revenue, A. Budgeting.

1. 6017 (Other Fees) for reporting purposes, is used as follows to distinguish client fees:
 - a. 6015 is used to report direct pay client fees.
 - b. 6016 is used to report client fees resulting from private insurance.
 - c. 6017 is used to report all other client fees that are not defined above, such as SSI/SSA.

2. 6024 (Fund Balance from Prior Year) surplus funds resulting from excess of program income over expenses in the prior year are reported expensed in this account. The fund balance from the prior year must be expensed during the next state fiscal year.

C. SUPPORTING SCHEDULE (S)

Form 1272, Supporting Budget Schedule: Revenue, included among the Appendices to this section, is used to describe and identify resources budgeted in the following Fund Sources:

6013 (DOE Contracts)
6018 (Contractual Agreements)
6021 (Other Local Funds)
6040 (Intra/Inter Agency Transactions), and
7014 (Federal Grants)

CONTRACTING AND SUBCONTRACTING BY CONTRACTOR

Required Approvals

As specified in Paragraph 115, of the contract, the Division's approval is not required of the Contractor to enter into a subcontract for services specified in the contract. The Contractor must provide at the time the contract is signed a list of all subcontractors to include but not limited to, the disability group or groups served and the services provided and the expected annual cost of services

Contents of Subcontracts

- A. Any subcontracts of the Contractor will be in writing and clearly state the service or product being acquired through said subcontract with a detailed description of cost.
- B. Any subcontracts of the Contractor for the provision of consumer services and/or operational services addressed in whole or in part by the Provider Manual will incorporate a certification to be signed by the subcontractor indicating the subcontractor has received and will comply with the Provider Manual.
- C. Any subcontracts by the Contractor will require subcontractors to comply with all provisions of the federal and state laws, rules, regulations and policies.

Responsibility For Subcontractor's Performance

As specified in the contract, the contractor agrees to be responsible for the subcontractor's performance and compliance with applicable provision of the contract and the Provider Manual. The Contractor will ensure that the subcontractor both understands and abides by all pertinent provisions of the contract, the Provider Manual and any regulations applicable to the subcontractor. The contractor also must ensure that the subcontractor receives the Provider Manual and all revisions to the Provider Manual.

Compliance with State's Minority Business Policy

Contractors who by virtue of their contract with the MHDDAD/Regional Office are allowed to subcontract will follow the State's Minority Business policy. The policy of the State of Georgia is that minority business enterprises shall have a fair and equal opportunity to participate in the purchasing process. The State encourages all companies to subcontract portions of any State contract to minority business enterprises.

Division
MHDDAD

POLICY

NO:
11.500
ORIGINAL EFFECTIVE DATE:
July 1, 2002
REVISION EFFECTIVE:

SUBJECT: Contract Dispute Resolution for MHDDAD Service Provider Contracts
Managed Through Regional Offices

REFERENCE: Official Code of Georgia Annotated 37-1-1, 37-1-20(b)(3) and 37-2-1(b)

I. PURPOSE

To establish a process and procedure to be followed when a provision(s), term(s) or condition(s) of a contract with the Division of Mental Health, Developmental Disabilities and Addictive Diseases (DMHDDAD) and a contractor(s) is disputed.

II. APPLICABILITY

Applies to contracts for direct consumer services managed by the Division of Mental Health, Developmental Disabilities and Addictive Diseases through its Regional Offices.

III. DEFINITIONS

- A. Contractor** – a provider of services under contract with the DMHDDAD.
- B. DMHDDAD** – the Division of Mental Health, Developmental Disabilities and Addictive Diseases.
- C. Regional Coordinator** – an employee of the department who acts as the department's agent and designee to manage community and hospital services for consumers of disability services within a mental health, developmental disabilities, and addictive diseases region established in accordance with Code Section 37-2-3.
- D. Regional Executive Director** – the state employee who is the administrator in charge of regional office operations until such time as a Regional Coordinator and Regional Services Administrator are duly employed in the region.
- E. Regional Office** – a DMHDDAD of the Department of Human Resources office created pursuant to Code Section 37-2-4.1 Such office shall serve as the entity for the administration of disability services in the region.
- F. Regional Services Administrator** – an employee of the department who, under the supervision of the regional coordinator, manages the purchase or authorization of services, or both, for consumers of disability services, the assessment or coordination of services, and ongoing monitoring and evaluation of services provided within a mental health, developmental disabilities, and

addictive diseases region established in accordance with Code Section 37-2-3.

IV. POLICY STATEMENT

It is the policy of The Division of Mental Health, Developmental Disabilities and Addictive Diseases to ensure that all parties engaged in the provision of consumer service(s) by contract with the DMHDDAD through the Regional MHDDAD Offices understand and mutually agree to the specifications and expectations of the contract. The DMHDDAD, through the Regional MHDDAD Offices, will expeditiously attempt to resolve any contract dispute.

The Contractor and the Regional MHDDAD Office will take steps to immediately resolve certain disputes that may arise under the contract. Contract dispute resolution is intended to provide an informal forum for addressing issues including, but not limited to, contract interpretation or clarification of the parties' duties and responsibilities. It is not, however, intended to apply, nor shall it be used, when a party to the contract has officially asserted a claim for breach or failure to perform as provided for in the contract. Parties to the contract dispute resolution process are encouraged to use appropriate means of communication and contact in order to resolve any dispute(s) as quickly as possible.

V. PROCEDURES

When a contract dispute occurs, the contractor shall continue to perform all services as specified in the contract, while taking the following steps to resolve the issue(s) in dispute:

- A.** The Contractor shall file a notice of dispute in writing to the Regional Services Administrator (or the Regional Executive Director on an interim basis until such time as the Regional Services Administrator is duly employed by the Division) in the applicable Regional MHDDAD office. This notice shall indicate the nature and basis of the dispute and designate a contact person with whom the Regional staff will work to resolve the dispute.
- B.** The Regional Services Administrator shall review the notice and attempt to address the concerns or issues contained therein. The Regional Services Administrator shall respond, in writing, to the written notice with a finding no later than five (5) business days after the date of receipt of the notice.
- C.** If the Regional Services Administrator is unable to resolve the dispute, the Contractor may submit a written request to resolve the dispute to the Regional Coordinator (or in the absence of a duly employed Regional Coordinator, the Division Director). The written request shall specify the matter(s) to resolve, the attempt(s) made to resolve the dispute and the reason(s) the previous resolution(s) did not work.

- D.** The Regional Coordinator (or Division Director pursuant to section V. C.) shall review the materials and respond in writing with a finding(s) and recommendation(s) no later than five (5) business days after the date of receipt of the review materials. The finding(s) and recommendation(s) of the Regional Coordinator (or Division Director) shall be final.

Disputes that cannot be resolved and that result in a party not performing under the terms and specifications of the contract may serve as a basis for officially asserting a claim for breach or failure to perform as provided for in the contract.